

by the gross domestic product. They say NAFTA and GATT—more jobs, more progress. We are better off because the GDP goes up. Experts worship it. Economists worship at the altar of the GDP.

The Federal Reserve Board comes to the Congress in the last year and a half and says the economy is growing too fast based on the GDP. What we really need to do is create more unemployment and less economic growth. That is what we hear from some of these economists.

Why, when Americans are working longer and harder just to keep up, why are we told that things are so good, that the GDP is a measure of enormous progress?

Finally, there is a cover story in the recent issue of the *Atlantic Monthly* that provides some clue. It is called, "If the Economy Is Up, Why Is America Down?" I urge my colleagues to read this article because it helps explain the big gap between what the economists talk about in economic progress and what the American people feel or actually experience.

Economists, this article says, view the economy through kind of a warped and myopic system, a counting system called the gross domestic product. The GDP was invented actually during the Second World War to guide the Nation's production through the Second World War. It is basically a tool of planning of industrial policy that was never really designed to serve as a guide to how well the economy is doing, but that is how the experts, economists, and politicians use it here in Washington.

Essentially, the gross domestic product adds up everything Americans spend and declares that as the total good. The more money people have to spend, the better this weird accounting system says we are doing.

As a result, all of the pain and all the misery, the social breakdown, shows up in the computer screens in Washington, DC, as economic gain. The hundreds of billions of dollars that Americans spend to cope with crime, the lawyers, the social breakdown costs is all GDP—car crashes, fender benders in front of the Capitol—gross domestic product increasing. Mr. President, \$200 billion a year in repair bills and hospital bills, car accidents give this country a real boost.

Americans lose some time with their children because wages are falling, so they work longer these days, and both parents often have to work. When the kids go into day care, that is more GDP. When the roads are so congested it takes more time to drive to work, the gas people burn in their car to sit and wait, that is more GDP.

The lists goes on. Almost everything Americans experience as bad shows up in the gross domestic product as good. They do not take account—the economists—of the contribution of the family and the household as an example.

It is a curious circumstance that the sectors of the economy which are cru-

cial to economic well-being in this country, the social realm—that is the economic functions performed by households, by the communities and all across the country, by people in their natural habitat—those do not count. Those are not part of the national accounting system. Most of the Nation's important work that goes on, from caring for children to older people volunteering their work in many different forms—that is the social glue in this country. Yet because no money changes hands, no one scores that. That is invisible to the conventional economists.

GDP does not count at all in these circumstances, because it means the more our families and communities decline and a monetized service sector takes over, the more the GDP goes up and the more these economists think our country is doing better. They count the poisons in our air and water as double gain, once when the factory spews it out and also, then, again when we have to buy bottled water and air purifiers to deal with it. Then the Government has to spend billions to clean up the Superfund site, so it gets counted again.

We are awash in this kind of phony accounting. It is like a gas gauge on a car that goes up as your car is running out of gas. That is the problem with the GDP measurement and, as the authors in the *Atlantic* article point out, by the curious standards of the GDP, the Nation's economic hero is a terminal cancer patient who is going through a divorce. They say the happiest event is an earthquake or a hurricane.

I pointed out on the floor before that when hurricane Andrew came through and leveled Florida, the economists counted that as a one-half of 1 percent gain of the gross domestic product in our country. The same phony accounting labels lead to political double-talk when you are talking about GDP and what makes the economy tick. When politicians want to push tax breaks for big corporations or for top executives, they talk about growth, by which they mean GDP. When they want to earn political Brownie points, they blast Time Warner for gangsta rap, for example. Gangsta rap is GDP.

Entertainment is one of the fastest growing parts of the economy and so is gambling and so is prison building. It is all GDP. So, when the politicians say they want more GDP, what are they calling for, more television programs with violence? That is GDP. Is there any distinction between what is good and what is bad, what advances our country's interests and what retards it?

The family or business that uses this kind of a system to measure its progress would not last very long at all. They would be bankrupt in a month. Yet, America has been making economic policy by using this indicator of progress for 50 years, and we need to change.

I do not agree with everything in the article that I referred to in the *Atlantic*. Some things I disagree with. But I think it is a useful thing for us in this country to begin exploring. Does the gross domestic product really measure anything, anything useful—a gross domestic product that leaves out the value of the care that someone gives for a sick parent, that includes the value of the cleanup from a hurricane but does not include the damage from a hurricane, does not include the damage from a car accident?

You know, another economic all star with the GDP is someone with a cardiac problem. You talk about a heart attack, we are talking about real GDP. The whole system swings into action with a heart attack, and that advances the country's economic interests, right? Of course it does not. Of course it does not.

I hope my colleagues will read not only the *Atlantic* article, but I am going to include in the *RECORD* an article written by Lars-Erik Nelson in the *Daily News* and an article in the *Financial Times* by Michael Prowse on this same issue.

This is an important issue, and I hope we will begin to look at it in a thoughtful way and evaluate what do you measure to determine what advances American economic interests.

Mr. President, I ask unanimous consent to have those articles printed in the *RECORD*, and I yield the floor.

There being no objection, the articles were ordered to be printed in the *RECORD*, as follows:

[From the *Daily News*, Sept. 29, 1995]

A FUNKY WAY OF LOOKING AT U.S. "GROWTH"

Washington—If the economy is growing as all the economists tell us, why are Americans in such a foul mood? This is the question that undermined Reaganomics, defeated President George Bush and has President Clinton muttering about a national funk.

And now we have an answer, both simple and blindingly clear. The people are not wrong. The economists are. What they measure as growth in the Gross Domestic Product is merely increased spending—not what that spending actually buys.

Under the currently accepted definition of growth, if you sit stuck every day in a traffic jam, burning gasoline and wasting your time, you are contributing to growth. If you spend more and more money, \$65 billion a year, to protect your self against crime—locks, insurance policies, replacement of stolen goods—that's growth.

The GDP does not care whether the money is spent for useful purposes or for decay. Spending on food and pornography rank equally. Divorce is a major contributor to our "economic growth" since it piles up lawyers' fees, the cost of a second home and counseling.

And the GDP assigns no value to intangibles like air pollution or the loss of leisure time. If you're too busy to cook or read stories for your children and so you buy them prepared meals and leave them in front of a VCR that's counted as pure economic growth.

This flash of insight is spelled out in the October *Atlantic Monthly* by Clifford Cobb. Ted Halstead and Jonathan Rowe, "By the curious standard of the GDP," they write, "the nation's economic hero is a terminal